

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L OTTAWA 002363

SIPDIS

NOFORN

DEPARTMENT FOR EB/IFD, EB/OMA, WHA/EPSC, AND WHA/CAN
STATE PASS FEDERAL RESERVE BANK FOR CHUGH
STATE PASS SEC FOR JACOBS
TREASURY FOR DAVID NAGOSKI
PARIS ALSO FOR USOECD

E.O. 12958: DECL: 01/07/2015

TAGS: [EFIN](#) [EAID](#) [CA](#) [UK](#)

SUBJECT: UK'S IMMUNIZATION FINANCE PROJECT: VIEW FROM THE
TRENCHES AT FINANCE CANADA

REF: A. LONDON 6412

[B](#). OTTAWA 324

[C](#). OTTAWA 35

Classified By: Classified by Wendy Moore, Economics Counselor, Ottawa.
Reason: 1.4(b) and (d).

[1](#). (C/noforN) An official at Finance Canada who works closely on international finance and development said he finds the UK's IFFm proposal "personally offensive" and the EuroStat finding does not change that view. While admitting that there are niches within the GOC with different views, those at Finance who work on fiscal and development issues have serious problems with the inefficiencies and constraints inherent in the proposal. Stating that if a program, such as immunization, is good, donors should target that program directly in current spending. Bringing in private sector financial institutions just adds to the cost of financing projects (because governments can raise funds directly more cheaply than can the private sector). The accounting sleight of hand involved in contorted fundraising and the constraints on future spending that result from "buy now, pay later" programs are a serious concern. (Refs B and C described Canada's reservations about the International Finance Facility.)

[2](#). (C/noforN) Our contact, referring to the August 3 Financial Times article (Novel UK funding for vaccines is approved) expressed surprise that Canada was grouped with Japan and Germany as having "deep reservations," rather than with the US in outright refusal to join the scheme. He said that although opposition to the IFF is pretty solid at the working level, it may be diluted as position papers work their way up through the system. He said he is very pleased that the U.S. takes a "common sense position," which makes it easier for Canada.

[3](#). (C/noforN) There are, however, pockets of support for the IFF in the GOC. A contact at the Canadian International Development Agency who has, in the past, expressed interest in and enthusiasm for the IFF, said most in the GOC were caught by surprise by Eurostat's quick action. The GOC's official position remains that booking such commitments under accrual accounting is a real problem, but not impossible. She noted they will probably wait for a more substantive UK response (money on the table) before beginning serious work on a GOC response.

[4](#). (SBU) Comment: Our sense is that the GOC is avoiding a public hardline position on IFF but that when financial commitments need to be made common sense and the economists at Finance will prevail. End comment.

Visit Canada's Classified Web Site at
<http://www.state.sgov.gov/p/wha/ottawa>

WILKINS